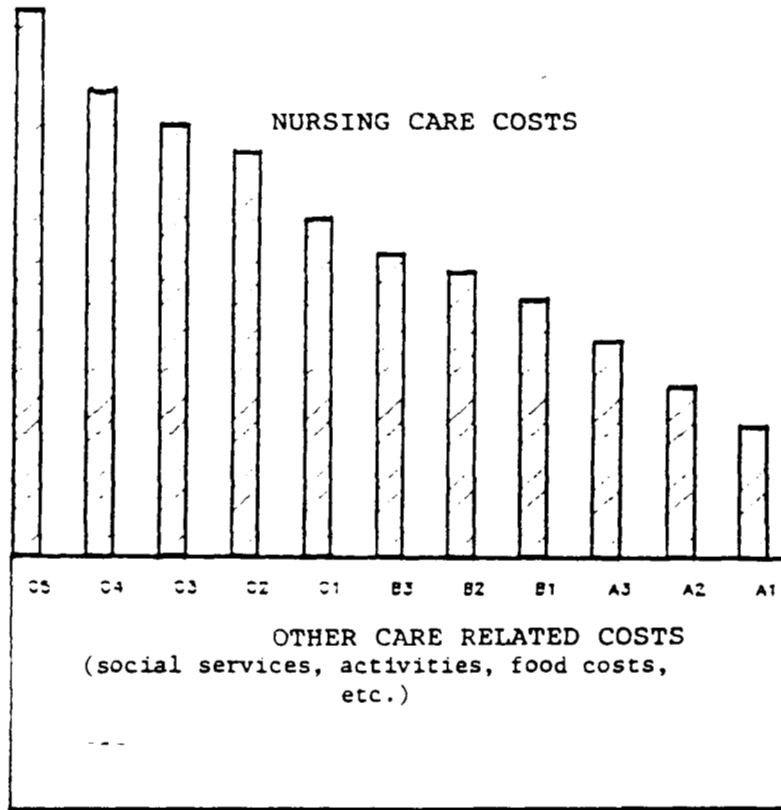


NURSING HOME RATE COMPONENTS

Attachment 4.19-D
Exhibit A
Page 9



+

OTHER OPERATING COSTS

- Remaining Dietary
- Laundry and Linen
- Housekeeping
- Plant Operations & Maintenance
- General and Administrative
- Remaining Payroll Taxes & Fringes

+

Inflation Factor

+

Capital Cost

+ CIIF =

TOTAL PAYMENT

TN No 90-06

SUPERSEDES

TN n/a

DATE/APPROVED 9/28

DATE/EFFECTIVE 10/1/

COMMONWEALTH OF KENTUCKY
Cabinet for Human Resources
Department for Medicaid Services

KENTUCKY MEDICAID PROGRAM
NURSING FACILITY REIMBURSEMENT MANUAL

INr 92-26
Series
INr 90-6

Approved MAR 12 1993

File Date 1-1-93

TABLE OF CONTENTS

Part I:	General Policies and Guidelines
Part II:	Nursing Assessment
Part III:	Cost Principles
Part IV:	Intermediate Care Facilities for the Mentally Retarded
Part V:	Institutions for Mental Diseases
Part VI:	Nursing Facilities With Mental Retardation Specialty
Part VII:	Pediatric Facilities
Part VIII:	Cost Report Instructions
Part IX:	Annual Cost Report

COMMONWEALTH OF KENTUCKY
Cabinet for Human Resources
Department For Medicaid Services

KENTUCKY MEDICAL ASSISTANCE PROGRAM
NURSING FACILITY PAYMENT SYSTEM

PART I

GENERAL POLICIES AND GUIDELINES

TN # 90-6
Supersedes
TN # None

Approval
Date SEP 28 1990

Effective
Date 10-1-90

Part I
TABLE OF CONTENTS

Section 100:	Introduction	Page 100.01
Section 101:	Participation Requirements	Page 101.01
Section 102:	Routine Costs	Page 102.01
Section 103:	Ancillary Services	Page 103.01
Section 104:	Inflation Factor	Page 104.01
Section 105:	(Reserved)	
Section 106:	Cost Savings Incentive Factor	Page 106.01
Section 107:	Upper Limits	Page 107.01
Section 108:	Hold Harmless	Page 108.01
Section 109:	Prospective Rate Computation	Page 109.01
Section 110:	Adjustment to Prospective Rate	Page 110.01
Section 110A:	Rate Adjustment for Provider Tax	Page 110A.01
Section 111:	Other OBRA Nursing Home Reform Costs	Page 111.01
Section 112:	Interim Rate for New Facilities	Page 112.01
Section 113:	(Reserved)	
Section 114:	Payment of Special Program Classes	Page 114.01
Section 115:	Payment for Ancillary Services	Page 115.01
Section 116:	Retroactive Adjustment for Routine Services	Page 116.01
Section 117:	Retroactive Adjustment for Ancillary Services	Page 117.01
Section 118:	(Reserved)	
Section 119:	Payments for Services to Medicare/ Medicaid Patients	Page 119.01
Section 120:	Return on Equity of Proprietary Providers	Page 120.01
Section 121:	Desk Review and Field Audit Function	Page 121.01
Section 122:	Reimbursement Review	Page 122.01

100. INTRODUCTION

A prospective Case Mix Assessment Reimbursement (CMAR) system for nursing facilities providing services for Title XIX (Medicaid) recipients, to be reimbursed by the Department for Medicaid Services (Department), is presented here. If not otherwise specified, this system utilizes allowable cost principles of the Title XVIII (Medicare) Program. This payment method is designed to achieve three major objectives: 1) to assure that needed nursing facility care is available for all eligible recipients including those with higher care needs, 2) to provide an equitable basis for both urban and rural facilities to participate in the Program and, 3) to assure Program control and cost containment consistent with the public interest and the required level of care.

The system is designed to provide a reasonable return in relation to cost but also contains factors to encourage cost containment. Under this system, payment will be made to facilities on a prospectively determined basis for routine cost of care (other than closed head injury programs and ventilator facility patients which have all inclusive rates) with no year-end adjustment required other than adjustments which result from either desk reviews or field audits.

Ancillary services, (other than ventilator therapy services) as defined, will be reimbursed on a cost basis with a year-end retroactive settlement. As with routine cost, ancillaries are subject to both desk reviews and field audits which may result in retroactive adjustments.

The basis of the prospective payment for routine care cost is the most recent annual cost report data (available and Desk Reviewed as of May 15) trended to the beginning of the rate year and indexed for the prospective rate year. The routine cost is divided into two major categories: nursing services cost and all other cost. Nursing services cost is weighted by the facility's average case mix weight as determined quarterly for each nursing facility. A Cost Savings Incentive factor (CSI) is granted to providers. The system imposes upper limits for nursing services cost and all other cost. Nursing facilities will be entitled to a hold harmless amount for the period of October 1, 1990 through June 30, 1992.

The payment system also contains various restrictions on allowable cost which are designed to assure that Program payment is limited to the cost of providing adequate patient care.

101. PARTICIPATION REQUIREMENTS

Nursing facilities participating in the Medicaid program shall be required to have at least twenty (20) percent of its beds (but not less than ten (10) beds; for a facility with less than ten (10) beds, all beds) participate in the Medicare Program unless the nursing facility has been granted a waiver of nursing facility nurse staffing requirement and as a result, is prohibited from participating in Medicare. If a nursing facility with waiver chooses to participate in the Medicare program, the facility shall be required to have at least twenty (20) percent of its beds (but not less than ten (10) beds, if the facility has less than ten (10) beds, all beds) participate in the Medicare program.

A nursing facility or a nursing facility with waiver may provide and receive payment for high intensity services so long as the services are provided in beds also participating in Medicare programs and a nursing facility or nursing facility with waiver may provide and receive payments for low-intensity services provided in any Medicaid participating bed.

NFs) may take only low intensity patients since the facility is not considered as being adequately staffed to care for high intensity care patients. In the interim (until facilities are surveyed), current skilled nursing facilities participating in Medicare may accept both high and low intensity patients. Current intermediate care facilities not participating in Medicare may accept only low intensity patients.

102. ROUTINE COSTS

Routine costs are broken down into two major categories: Nursing Service costs and All Other costs. Routine Cost includes all items and services routinely furnished to all patients.

A. NURSING SERVICES COSTS. The direct costs associated with nursing services will be included in the nursing service cost category. These costs include:

1. Costs of equipment and supplies that are used to complement the services in the nursing services cost category;
2. Costs for education or training including the cost of lodging and meals of nursing service personnel. Educational costs are limited to either meeting the requirements of laws or rules or keeping an employee's salary, status, or position or for maintaining or updating skills needed in performing the employee's present duties;